



ANNUAL RISK MANAGEMENT CONFERENCE

WORKSHOP 3: Claims Management

Andrea Garske, Operations Claims Manager, AFM

Miranda Roth, Senior Adjuster, AFM

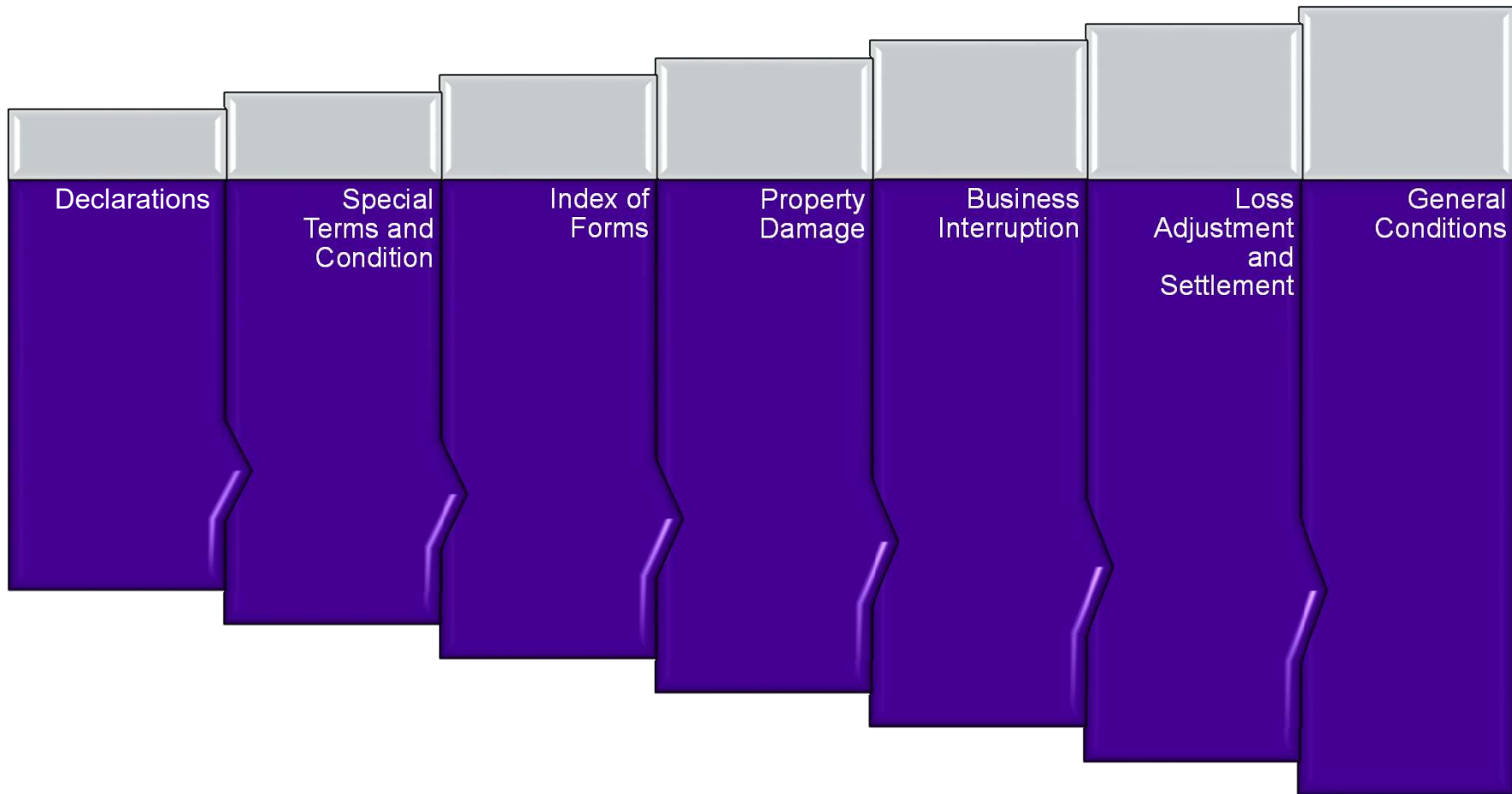
Friday 26th August 2022

- **Property Damage coverage**
- **Business Interruption coverage**
- **Frequently asked questions**

Presentation does not take precedence over the actual policy wording

Actual loss situations will be adjusted under the specific terms and conditions in effect at the time of loss

Structure of the Wording





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Property Damage

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, at or within 300 metres of a **described location**, to the extent of the interest of the Insured in such property:



- Buildings and structures
- Building Equipment
- Underground property
- Building services

Personal Property



- Owned by the Insured
- Tenant improvement and betterments
- Property of directors, officers and employees of the Insured
- Obligation for that in the Insured's custody
- Property of others in your care, custody or control

* Some coverage added back in Additional Coverages and Special Terms and Conditions

Excluded Property



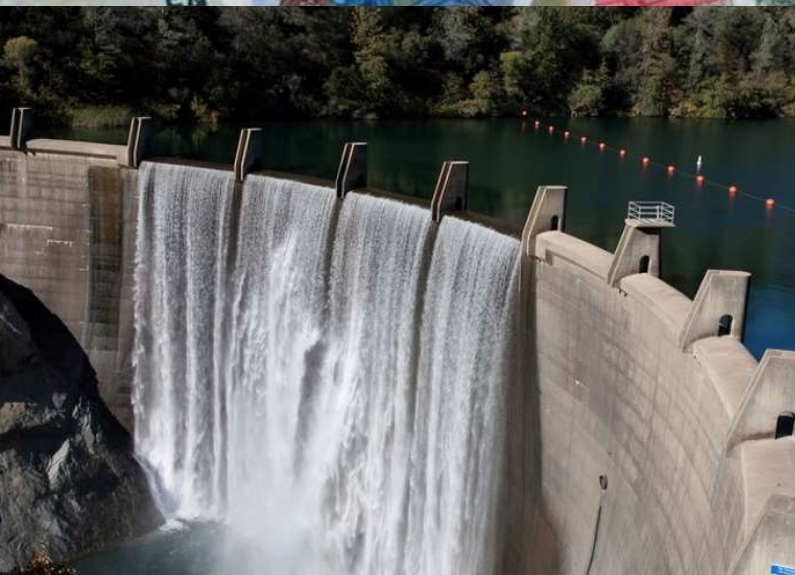
- Land, water, any substance in or on land
- Growing crops, standing timber, animals
- Bridges, tunnels intended for vehicle use*
- Reservoirs, canals, dikes, dams
- Docks, piers, wharves which are not a structural part of a building*
- Currency, money, notes, securities*

* Some coverage added back in Additional Coverages and Special Terms and Conditions

Excluded Property

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- Motor vehicles licensed for highway use or owned by directors, officers or employees*
- Satellites, aircraft, watercraft, except electric unmanned aerial vehicles not in flight and stored at a location
- Underground mines
- Property in transit*
- Data*
- Property while located offshore

* Some coverage added back in Additional Coverages and Special Terms and Conditions

Excluded Property



Additional Exclusions (Dec Section):

- Locations (valued in excess of AUD2.5m) Vacant or Unoccupied for more than 60 days, unless notified to AFM and fire protection, watch and alarm service maintained
- Power generation units of >1.25MW
- Unnamed Property, applies to Earth Movement and Flood

Group I

Group II

Group III

This Policy excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

Group I



- Nuclear reaction, radiation, radioactive contamination
- War, hostile or war like action
- Seizure or destruction under quarantine or custom regulation
- Terrorism
- Dishonest act, including theft, committed by the Insured, an employee or contractor (damage caused by employee or contractor without insured's knowledge is covered)
- Action of the Sea (added in Dec Section)

This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured:

Group II



- Wear and tear, deterioration, depletion, rust, corrosion, erosion, inherent vice, latent defect
- Faulty workmanship, material, construction or design
- Loss of stock attributable to processing
- Change in temperature, humidity
- Settling, cracking, shrinking, bulging, expansion of floors, walls etc.
- Personal property in the open from rain, sleet, snow, sand, dust
- Insects, animals, vermin damage

Group II - example

Under-sized beam fracture and roof collapse



Damage to:

- Equipment below
- Roof deck
- Beam

This Policy excludes:

Group III



- Indirect or remote loss
- Interruption of business, except as provided by this Policy
- Loss of market or loss of use
- Deterioration from delay
- Mysterious disappearance
- Shortage disclosed on taking inventory
- **Contamination** unless direct result of physical damage not excluded

Additional Coverages



- Accounts Receivable
- Arson or Theft Reward
- Brand Protection
- Change of Temperature
- Claims Preparation Costs
- Coinsurance Deficiency and Currency Devaluation
- Communicable Disease
- Data Restoration
- Data Service Provider
- Debris Removal
- Decontamination Costs
- Deferred Payment
- Earth Movement
- Errors and Omissions
- Expediting Costs
- Extra Cost of Reinstatement
- Fine Arts and Valuable Papers and Records
- Flood
- Green Coverage
- Land and Water Clean Up Expense
- Locks and Keys
- Loss of Land Value
- Newly Acquired Property
- Property Removed from a Location
- Property and Preservation of Property
- Public Utilities
- Tax Treatment
- Tenants Legal Liability
- Terrorism

- Transit
- Unnamed Property*

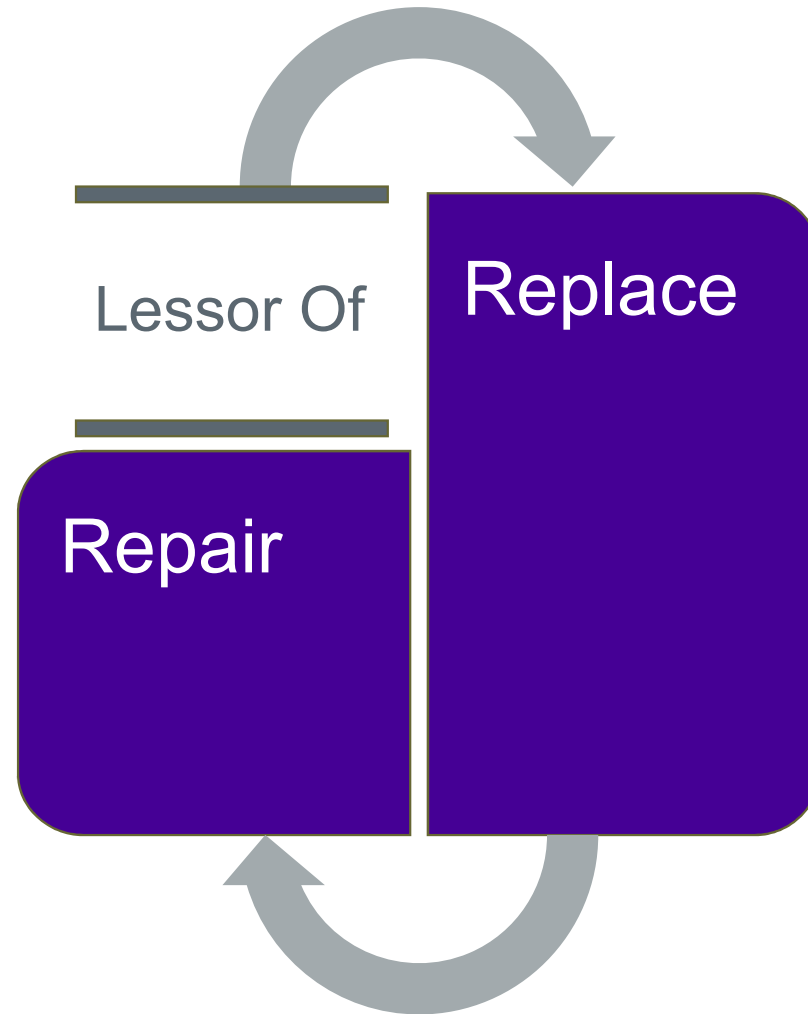
Declaration Section:

- Bridges and Tunnels
- Reservoirs, Canals, Dykes, Dams
- Motor Vehicles on Display
- Trees, Plants, Shrubs, Lawns
- Pavements and Roadways
- Docks, Piers, Wharves

Endorsements:

- Burglary and Theft
- Money and Securities

* Amended in Dec Section



What if not replacing?

- **Indemnity value**
- unplanned capital expenditure

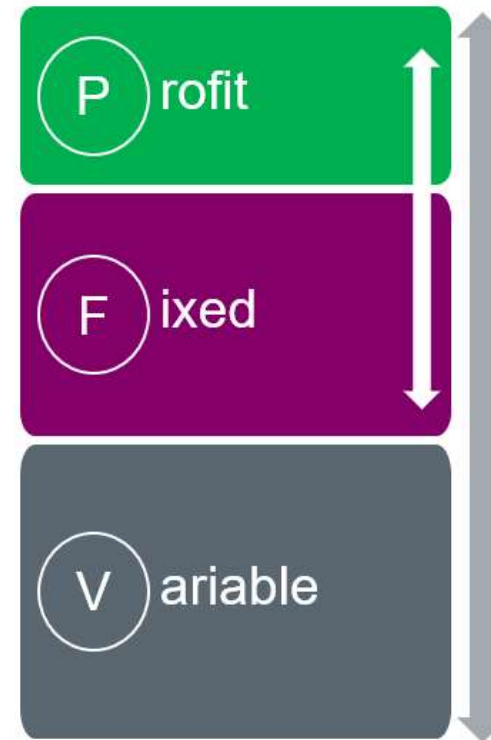
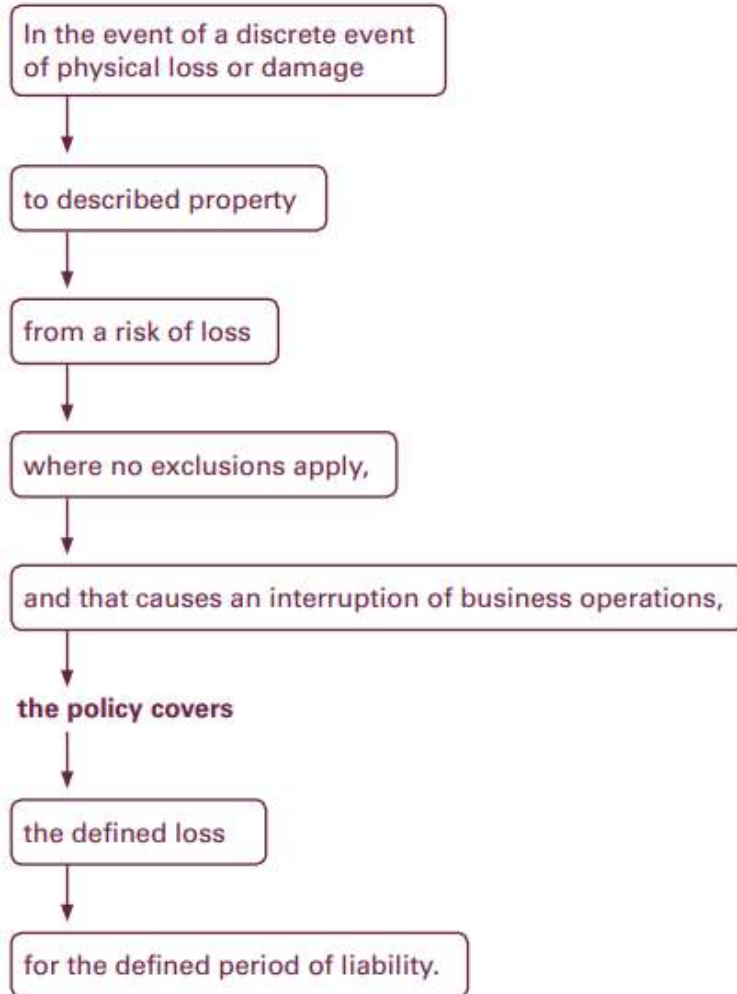




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Business Interruption

When is Business Interruption cover triggered? What is covered?





Policy insures BI only to the extent that it cannot be reduced by:

- Use of any property or service owned or controlled by the Insured
- The use of any property or service obtainable from another source
- Working extra time or over time; or
- The use of inventory

Coverage Extensions

- Attraction Property
- Civil and Military Authority
- Communicable Disease
- Contractual Penalties
- Crisis Management
- Data Service Provider
- Extended Period of Liability
- Leasehold Interest
- Logistic Extra Cost
- Owned Network Interruption
- Prevention of Access
- Protection and Preservation of Property
- Public Utilities
- Research and Development
- Soft Costs
- Supply Chain



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Frequently Asked Questions

Timely reporting of property claims

H. REQUIREMENTS IN CASE OF LOSS

The Insured will:

- 1. Give immediate written notice to this Company of any loss.**
- 2. Protect the property from further loss or damage.**
- 3. Promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, indemnity value, replacement value and amount of loss claimed.**

...”

The role of an assessor/adjuster in the claims process



Council Member can expect the Loss Adjuster to work with them to produce the following information for reporting to Statewide Mutual (and Insurers):

- **Date and time of loss**
- **Claim peril**
- **Description of damages**
- **Type of property and how much damaged**
- **Police/fire reports, other reports**
- **Cause of incident, if known**
- **Photographs**
- **Steps that have been taken to protect undamaged property**
- **Business operations affected**
- **Subrogation potential – whether any actions of a third party contribute to or cause this incident, such as a newer product caused a fire, etc.**
- **Salvage potential for damaged property**
- **Bids and/or quotes – estimates of damages**
- **Any other information relevant to the loss/ damage**

The importance of council mitigating further losses once a claim is submitted

Councils must act to mitigate loss. It is a condition of coverage.

The Loss Adjuster, Statewide Mutual, JLT and AFM are all available to assist with reviewing areas of mitigation.

Getting you back in business as quickly as possible is our common goal

What is a prudent uninsured?

“Prudent Uninsured” simply means that the policyholder should act as if they do not have insurance.

This does not mean you can be reckless or act with flagrant disregard to the potential risk. It means you should take reasonable measures to safeguard property from loss or damage. It also means that if your property is lost or stolen, you should make reasonable effort to recover it.

Emergency repairs/ restoration should be undertaken without delay and care should be taken to reduce any further exposure to loss or damage.

Claims settlement processes i.e. reimbursement to Council rather than payment to suppliers

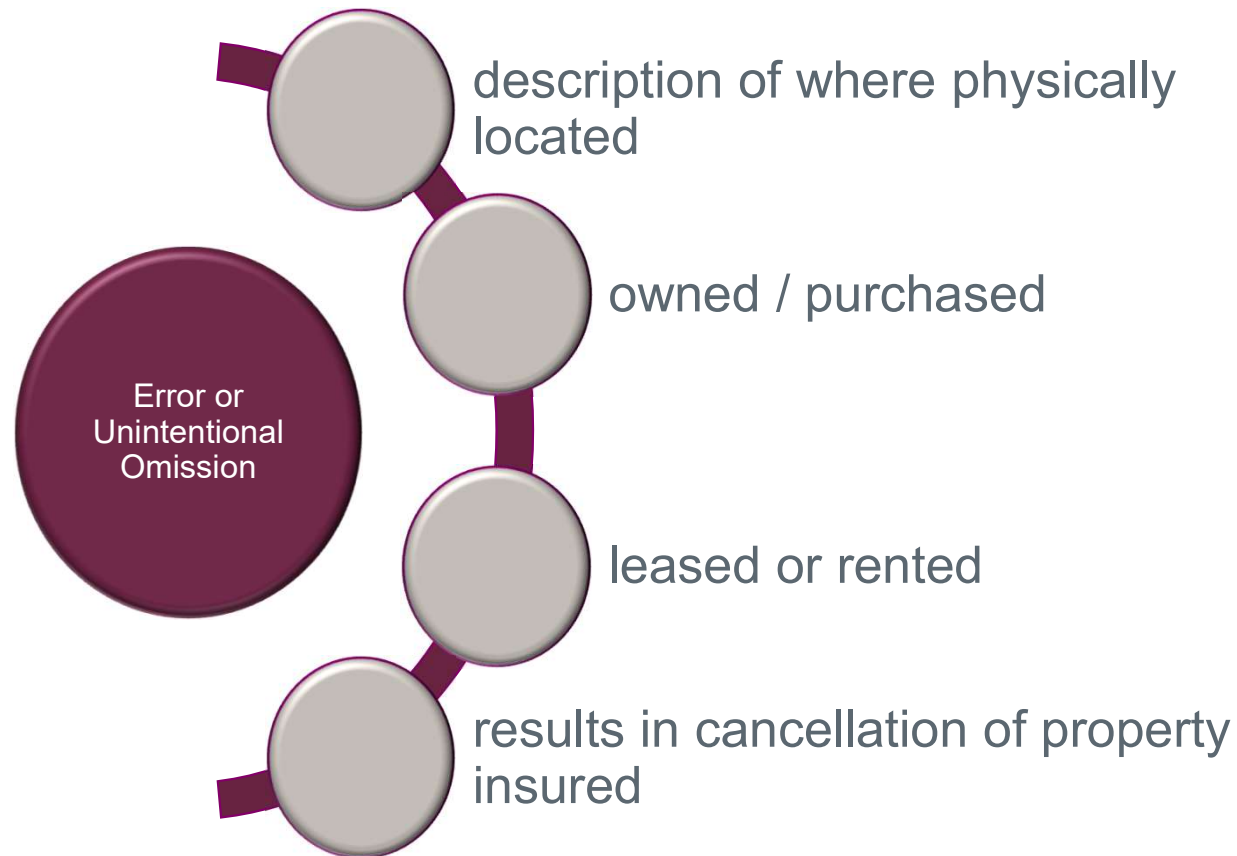
Council Members are responsible for arranging Property Damage repairs and making payment to their contractors/ suppliers.

Statewide Mutual will consider all claims that are submitted and when settlement is agreed, payment will be made to the Member Council, less the applicable Deductible.

Under no circumstances will Statewide Mutual make payment directly to contractors or suppliers.

Why must Council declare all their assets and what constitutes as an E&O?

Errors and Omission



What is Unnamed Property?

SUB-LIMIT: Unnamed Property AUD 2,000,000

... the following exclusions apply;

b) **Earth Movement**

c) **Flood**

- Covers miscellaneous property at a scheduled location
- For example, small building accidentally omitted from asset listing at a scheduled location
- Does not cover locations omitted from insurance schedule

What is a cash settlement and what are Councils options – Indemnity Value

VALUATION

- On property that is useless to the Insured, the **indemnity value**.
- On property if not repaired, replaced or rebuilt on the same or another site within two years from the date of loss, unless such time is extended by the Company, the **indemnity value**.

DEFINITION

indemnity value means the cost to repair or replace the property, on the date of the loss or damage, with material of like kind and quality, less proper deduction for obsolescence and physical depreciation

What is a cash settlement and what are Councils options – Unplanned Capital Expenditure



The Insured may elect not to repair or replace the insured real or personal property under Item 1 above that is lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at a **described location** under this Policy. This item does not extend to Extra Cost of Reinstatement.



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Thank you. Any questions?

Andrea.Garske@fmglobal.com



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